# Garden City seeks partner for expansion

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Garden City Hospital is looking for a partner to help expand and enhance its medical programs and services.

NatCity Investments Inc. has been retained by the hospital as exclusive investment banker.

Its job will be to identify a potential strategic partner with an established brand name identity and market presence, access to a large operations expertise and a significant amount of capital to implement "a mutually agreed upon strategic enhancement and/or expansion plan and additional medical program resources," according to information released by the hospital.

"This is a busy place, we're not closing down. Surviving is not the issue in the short term," said hospital president and CEO Gary Ley. "It's being a better hospital. We've been talking about affiliation for three years. It's tough to get capital for a stand-alone hospital."

The hospital's future has been the subject of many rumors in recent years, ranging from merger or purchase by another entity to bankruptcy and closure.

Ley paraphrased Mark Twain by saying rumors of the hospital's demise are greatly exaggerated.

"We had the (Garden City) council over, and they had heard rumors that we were closing. That's absurd," said Ley. "We lost $4,000 last year. We've made money the last seven years."

The hospital listed revenues of $111 million in 2000, down from $115 million in 1999. Hospital expenses were at $112.3 million in 2000, also down from $112.7 million the previous year.

The hospital's bottom line was helped in 2000 by $1.8 million generated by the sale of land, including the site of the long-closed Ridgewood Hospital in Ypsilanti.

Last June, 16 employees – mainly management staff – were laid off, and quite a few other positions have been left unfilled, according to Ley. Like other health care providers, the hospital is always hiring nurses and has openings to fill in other clinical areas, he said.

Garden City Hospital also carries $5 million in bad debt, Ley said, largely due to insurance co-pays that patients haven't paid or disallowed charges.

"What are you going to do? Sue people (for co-pays)? The other thing is when people think it's an emergency and come to the emergency room, but their insurance doesn't agree," said Ley.

The hospital also has $1 million in unpaid charges for charity care – treatment for people without jobs or insurance.

Hospital admissions in 2000 were at 11,500, a drop of 500 from the prior year. Ley said he expects that number to rebound in 2001.

"Those 500 admissions don't look like a lot, but at an average $5,000 each, it's $2.5 million," said Ley.

Seven health care operations have requested information about joining forces with Garden City Hospital. Ley said he expects three or four have serious interest.

"We'd like to do something. I feel we'd get more in a formal relationship. Then it's a question of which is the best model," said Ley. The timing must be right for a relationship, he said; There needs to be shared vision, similar cultures and a solid business plan.

Seeking a partner who can add capital to the hospital is a smart move, said State Rep. Jim Plakas, D-Garden City, who is a hospital board member.

"It's good business practice. We're not the only player in town facing the same situation," said Plakas. "We can see the merit in affiliations, combining forces. Both sides would get a measure of benefit."

Garden City Hospital's proposal includes detailed requirements, such as maintaining the hospital as an acute-care osteopathic teaching hospital with ongoing accreditation, maintaining its own medical staff, avoiding major changes in existing management and staff to allow for a smooth transition and the hospital's local board retaining the authority to make appointments for chief medical officer and other clinical leadership positions.

Founded in 1943, the hospital has been at its present site on Inkster Road since 1960. The hospital is Garden City's largest employer with 1,300 full- and part-time workers.

"Maybe nothing will come out of it, but I'm somewhat optimistic. I think something positive will come out of it," said Plakas. "There will be a negotiating process. It's what's in the best interest of the hospital, the people who work there and the people we serve."

## Hospital sees opportunities to expand services, programs

In looking for a partner, "a strong partner that can lend an established brand name identity and market presence," Garden City Hospital officials are pointing out that there is a substantial opportunity to expand and enhance services and programs in the service area.

Licensed for 323 beds and currently operating 270, the hospital also has nine ambulatory and diagnostic sites, home health care, durable medical equipment program within hospital, employed physician practices and a 93-bed nursing home.

In 1999, the hospital held a 23.1 percent market share within its primary service area, compared to 22.9 percent in 1998. Sixty-six percent of people seen in the emergency room were admitted to the hospital in fiscal 2000, compared to 63 percent in fiscal 1999.

Its non-surgical cardiology services comprise more than 10 percent of inpatient and outpatient services and is considered a basic, core service.

Programs highlighted for expansion and enhancement include women's health, the development of an off-campus ambulatory diagnostic-surgery center and primary care expansion/ recruitment.

The hospital also is looking for the new partner to:

- Undertake an immediate and comprehensive evaluation of the current inpatient and outpatient physical plant facilities and recommend appropriate modernization.
- A comprehensive joint clinical program expansion and development plan, including, but not limited to, cardiology, oncology, women's health, orthopedics, diagnostic procedures and surgery.
- Establishment of an endowment/ foundation to be used to support osteopathic medical education and/ or strategic health care program development.

According to the request, the hospital board "would be open to considering a high level of integration (sale of assets, merger and/or partnership) only in exchange for a substantial capital investment" to meet key objectives.

The investments could be direct cash investment, lending of debt capacity or a foundation that is funded, can be classified as a public charity and remain involved in the delivery of health services.

In making the request, the hospital has listed its strengths as:

- Providing an established continuum of health care services in western Wayne County through its affiliates.
- Having a service area that includes a dense, relatively stable and well-insured population, providing an opportunity for continued market share penetration and a platform for growth.
- Having existing clinical programs of prominence and distinction that provide opportunities for program enhancement and "branding" that can foster continued growth and complement the acute care services of a prospective partner.
- Having one of the largest osteopathic teaching facilities in the country, which is well-regarded for its medical education program.
- A history of good financial performance with continuing strong indicators and profitable 2001 budget projections.

The hospital is hoping to have a partner identified and a letter of intent agreed upon and executed by May 15, and the final transaction executed by July 15.

Look for our Calendar of Events on page B5.

# MOVERS & SHAKERS

### Wall of Fame

Harper Associates was recently honored by having president Ben Schwartz placed on the Michigan State University of Hospitality Business Alumni Association's Wall of Fame.

This award is given to graduates who have made professional and educational contributions.

### Salesperson of the Year

Laureen Bowman of Farmington received top sales honors at the AIMS Multimedia annual sales dinner, held recently in southern California. Bowman, a 17-year veteran at AIMS, was tapped as the company's top salesperson for 2000. Her sales area included the Midwest, Florida, Puerto Rico and the U.S. Virgin Islands. Prior to coming aboard at AIMS, Bowman was a young adult specialist at Farmington Community Library.

### New marketing director

Katie Woodruff of Farmington recently joined the Southfield office of Grant Thornton as marketing director. She is responsible for the direction and implementation of strategic marketing initiatives for the office.

### New Palace administrator

David Gottesman of Farmington Hills was named public relations administrative assistant for The Palace sports and entertainment. He will be responsible for assisting in all facets of the public relations efforts.

### Hills franchise is No. 1

Success Magazine recently rated Kitchen Solvers as the No. 1 kitchen renovation company in the United States. John Elwell has been the owner of the Farmington Hills franchise since May of 1994.

### J.R. Thompson changes

J.R. Thompson Co. of Farmington Hills announces the following staff appointments:

Heather Role and Jeff Mirek, client service coordinators; Jim Bur, client service manager; and Gail (Jahn) Coy, proofreader and copy quality assurance editor.

### New treasurer

Operation ABLE of Michigan recently elected Troy Lindsey as treasurer to its new group of officers. Lindsey works for George W. Smith & Co. and lives in Farmington Hills.

### Triad promotions

Triad Performance Technologies Inc. in Farmington Hills recently promoted Jeannine Rice to principal consultant for e-learning and David Bonello to director of the digital design and development group.

### Marx Layne changes

Marx Layne & Co. in Farmington Hills has made the following staff changes:

- Robyn Gorell was promoted from account executive to senior account executive.
- Demitra Wilson joined the staff at Marx Layne as an account assistant.
- Matt Friedman was promoted from senior account executive to account supervisor.